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PART I - THE SCHEDULE  
SECTION H - SPECIAL CONTRACT REQUIREMENTS

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**H.1 ORDERING OF SERVICES**

- (a) Services to be furnished under this contract shall be provided following procedures outlined in Section J.1, Task Order Placement Procedures and the "Ordering" clause in Section I.3.4.
- (b) The Contractor shall not proceed with any work under a proposed Task Order unless authorized in writing by the Contracting Officer.
- (c) A Task Order will indicate an effective date which shall be considered the start date as far as the determination of due dates for deliverables is concerned.
- (d) Any Order issued during the effective period of the contract and not completed within that period shall be completed by the Contractor within the time specified in the Order. The contract shall govern the Contractor's and Government's rights and obligations with respect to that Order to the same extent as if the Order were completed during the contract's effective period.
- (e) Funds for services to be provided under this contract will be obligated by each individual Task Order.
- (f) The Contracting Officer's selection decision on each Task Order request shall be final and shall not be subject to the protest or dispute provisions of the contract, except for a protest that the Task Order increases the scope, period, or maximum value of the contract.

**H.2 RESERVED**

**H.3 LABOR CATEGORIES**

The labor categories represent the Government's best estimate of the kinds of personnel required for successful contract performance. It is recognized by the Government that the inventory of data processing and/or information systems, technologies, methodologies and processes ranges from obsolescent to near state-of-the-art, and that the technology presently being introduced into the information technology marketplace is revolutionary rather than evolutionary. The ability of the Contractor to respond to new technologies, methodologies, and processes is both necessary and appropriate. Although the Contractor is expected to map from the contract categories to the Contractor's own categories, for the purpose of matching resources to requirements, the use of additional labor categories not currently contemplated may be necessary over the term of the contract. Certain unique labor categories, as well as consultants, may be required under specific Task Orders.

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**H.4 TASK ORDER CLOSEOUT**

It is the intention of the IRS to perform closeout procedures on an individual Task Order basis. The Contractor agrees to perform those internal functions necessary to support this process in a timely manner. Task Order closeout will occur as soon as possible after Task Order performance has concluded.

**H.5 GOVERNMENT FURNISHED ITEMS**

All Government furnished items will be identified in individual Task Orders, as applicable. If any given Task Order issued under this contract requires work to be performed on the Government's site, the Government will provide office work space, office automation equipment, telephones, and furniture for Contractor personnel unless authorized by the Contracting Officer to deviate from this requirement.

**H.6 CONTRACTOR RESPONSIBILITY FOR ASSIGNED SPACE, EQUIPMENT AND SUPPLIES**

If, due to the fault or neglect of the Contractor, his agents, or employees, damage occurs to any Government property, equipment, stock or supplies, during the performance of this contract, the Contractor shall be responsible for such loss or damage and the Government, at its option, may either require the Contractor to replace all property or to reimburse the Government for the full value of the lost or damaged property.

The Contractor is responsible for maintaining all Government provided assigned space(s) in a clean and orderly fashion during the course of this contract. All telephones at the Government's site are for conducting official Government business only.

**H.7 ALLOWABLE COSTS**

- (a) Allowable Cost - The estimated cost of the Contractor's performance will be specifically set forth on each Task Orders issued under the contract.
- (b) The Contractor shall submit vouchers and the Government shall make payments to the Contractor for reimbursement of costs subject to FAR clause 52.216-7 "Allowable Cost and Payment (APR 1998) and FAR clause 52.232-20 "Limitation of Cost" (APR 1984), incorporated by reference in Section I.

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- (c) Travel shall be reimbursed in accordance with FAR Subsection 31.205-46 entitled "Travel Costs" and the Federal Travel Regulations, prescribed by the General Services Administration, in effect on the date of the travel.

**H.8 PRODUCTIVE DIRECT LABOR HOURS**

"Productive direct labor hours" are those hours expended by Contractor personnel in performing work under this contract and called for in the Task Orders issued under the contract. This does not include sick leave, vacation, holidays, jury duty, military leave, or any other kind of administrative leave.

**H.9 STANDARD WORKDAY**

A standard workday is defined as any eight (8) hours of productive labor during the core business hours of 7 A.M. through 6 P.M., Monday through Friday, excluding periods listed above. Performance may be required beyond the normal standard workday and if so will be specified within the applicable Task Order.

**H.10 FEE ON TASK ORDERS**

- (a) Fixed Fee - In addition to the "allowable" cost, the Government shall pay to the Contractor a fixed fee as set forth in each Task Order. Subject to the withholding provisions of the FAR clause 52.216-8 "Fixed Fee (MAR 1997)" (incorporated by reference in Section I), the Contractor, at the time of reimbursement of allowable costs, will be entitled to a proportionate payment of fee in an amount which reflects the ratio of total fee to the total estimated costs exclusive of fee. In no event will the fee for an individual Task Order exceed the fixed fee established when the Task Order was originally executed except in the event that an increase to an order is determined by the Contracting Officer to be the result of additional work that could not have been reasonably anticipated by the Contractor when originally estimating the order.
- (b) Individual Task Orders will be executed based on negotiated costs for work identified. The highest fixed fee for a cost-reimbursement Task Order will be an amount which reflects the ratio of total fee to the total estimated costs exclusive of fixed fee that was negotiated at contract award.
- (c) The Government reserves the right to negotiate a lower fee rate for requirements resulting in cost-reimbursement Task Orders that pose minimal risk to the Contractor.
- (d) Profit for firm fixed price Task Orders may be proposed at an amount higher than the amount equivalent to the percentage of fixed fee negotiated at contract award.

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**H.11 LIMITATION OF COST OR FUNDING**

This contract contains both FAR clauses 52.232-20, Limitation of Cost (LOC) (Apr 1984) and 52.232-22, Limitation of Funds (LOF) (Apr 1984), incorporated by reference. Although both clauses address monitoring and controlling of contract funds, the LOC clause is applicable to a fully funded contract action, and the LOF clause is applicable to an incrementally funded contract action. Task Orders issued under this contract may be fully funded or incrementally funded. Each Task Order will state which clause is applicable given the funding method determined by the Contracting Officer. The Contractor shall conform on the level of individual Task Orders to the notice requirements of the applicable clause. That is, "Task Order" shall be substituted for "contract" and for "schedule" whenever those words appear in the LOC or LOF clause.

**H.12 INDIRECT RATE CHANGE NOTIFICATION**

The Contractor shall submit notification to the TIPSS Contracting Officer and Lead Contracting Officer's Technical Representative within five working days of proposing any rate change to the designated Government audit agency, or of receiving any rate change approval, affecting cost or price proposed or incurred under this contract. The Contractor agrees to insert this notification requirement in all first-tier subcontracts.

**H.13 EXCEPTION TO AVAILABILITY OF FUNDS FOR THE NEXT FISCAL YEAR**

Notwithstanding the FAR clause 52.232-19, "Availability of Funds for the Next Fiscal Year (APR 1984)," completion type Task Orders, if not incrementally funded, are fully funded at the time of Task Order execution. Therefore, the contract clause noted above is not applicable to these orders.

**H.14 IRSAP 1052.216-9000 TASK/DELIVERY ORDER OMBUDSMAN (MAR 1996)**

- (a) In accordance with 41 U.S.C. 253j(e), the IRS Task/Delivery Order Contracts Ombudsman is the Chief, Policy and Procedures Branch, Office of Procurement Policy.
- (b) Ombudsman Responsibilities:
  - (1) Address Contractor concerns regarding compliance with the award procedures for task/delivery orders;
  - (2) Review Contractor complaints on task/delivery order contracts;
  - (3) Ensure all Contractors are afforded a fair opportunity to be considered for each task/delivery order, consistent with 41 U.S.C. 252j(b); and

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- (4) When requested, maintain strict confidentiality of the vendor/Contractor requesting assistance.

**H.15 IRSAP 1052.239-9002 YEAR 2000 WARRANTY – COMMERCIAL SUPPLY PRODUCTS (JUL 1997)**

The Contractor warrants that each hardware, software, and firmware product delivered under this contract and listed in a Task Order shall be able to accurately process date data (including, but not limited to, calculating, comparing and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations, when used in accordance with the product documentation provided by the Contractor, provided that all listed products (e.g., hardware, software, firmware) used in combination with such listed product properly exchange date data with it. If the Task Order requires that specific listed products must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those listed products as a system. However, the identity of the warrantor of any third-party software will be negotiated at the time of the relevant task order. The duration of this warranty and the remedies available to the Government for breach of this warranty shall be as defined in, and subject to, the terms and limitations of the Contractor's standard commercial warranty or warranties contained in the Task Order, provided that notwithstanding any provision to the contrary in such commercial warranty or warranties, the remedies available to the Government under this warranty shall include repair or replacement of any listed product whose non-compliance is discovered and made known to the Contractor in writing within the time period consistent with this contract's inspection clauses(s). Nothing in this warranty shall be construed to limit any rights or remedies the Government may otherwise have under this contract with respect to defects other than Year 2000 performance.

**H.16 CORRECTION OF SOFTWARE AND DOCUMENTATION**

The Contractor shall, over the term of the Contract, under any Task Order issued, correct errors in Contractor developed software and applicable documentation that are not commercial off-the-shelf which are discovered by the Government, any other user of the software, or the Contractor. If the system is in production, such corrections shall be completed within 1 working day of the date the Contractor discovers or is notified of the error (or a date mutually agreed upon between the Government and the Contractor, not to exceed 30 working days). If the system is not in production, such corrections shall be made within 5 working days of the date the Contractor discovers or is notified of the error (or a date mutually agreed upon between the Government and the Contractor, not to exceed 30 days). Latent defects will be handled in the same manner as soon as they are discovered. Inability of the parties to determine the cause of software errors shall



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be resolved in accordance with the Disputes clause in Section I, FAR 52.233-1 (December 1998), incorporated by reference in the contract, but in no event constitutes grounds for delay of error correction beyond the time frames specified.

**H.17 ORGANIZATIONAL CONFLICT OF INTEREST AND LIMITATION ON FUTURE CONTRACTING**

The following provisions are in accordance with FAR subpart 9.5:

- (a) The Internal Revenue Service, including any echelon or sub-echelon activity of the Department of the Treasury, will not consider the Contractor, its successor-in-interest, assignee, or affiliates as a prime source of supply for, nor allow it to be a Subcontractor or consultant to a supplier for, any follow-on procurement of a system, subsystem, or major component thereof, including training related thereto, for which the Contractor provides technical support services, analyses, system design and evaluation or other types of assistance ordered under this contract. For examples of a follow-on procurement, see FAR subsection 9.508. These examples are not all-inclusive, but are intended to help the Contracting Officer apply the general rules in FAR subsection 9.505 to individual contract situations.
- (b) The above restrictions shall be included in all subcontracts, teaming arrangements, and other agreements calling for performance of work related to this contract, unless exempted in writing by the Contracting Officer.
- (c) To prevent unfair competitive advantage in the procurement of any similar Federal Information Technologies (IT) support services which are the subject of this contract, the Contractor agrees that, until award of a contract by the Internal Revenue Service for any of these services it: (1) shall not disclose any information concerning the work under this contract, including technology developed or findings and conclusions rendered by the Contractor in performing this contract, to any prospective Offeror; and (2) shall not render any services of any kind related to this procurement to any prospective Offeror.
- (d) If, by Task Order under this contract, the Contractor is required to prepare a statement of work or to design or develop specifications/requirements which are to be incorporated or used in a solicitation for future acquisition of a system, subsystem, or major component thereof relating to the subject matter of this contract, the Department of the Treasury, including any echelon or sub-echelon activity, will not consider the Contractor, its successor-in-interest, assignee, or affiliates as a prime source of supply for, nor allow it to be a Subcontractor or consultant to a supplier for the procurement of

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the system, subsystem, or major component thereof. The Contractor, Subcontractors and consultants at any tier have an affirmative duty to disclose to the CO actual, potential or apparent conflicts whenever there is reason to believe such exist or will exist.

- (e) The restrictions and provisions of paragraph (d), above, shall be in effect for a period of two (2) years from the performance completion date of any TO. At any time subsequent to the effective date of this contract, the Government may either modify the restrictions of paragraphs (c), and (d), or waive the restrictions entirely if it is determined to be in the best interests of the Government. The restrictions contained herein do not in any way limit the restrictions delineated in FAR subpart 9.5.

**H.18 OBSERVANCE OF LEGAL HOLIDAYS AND EXCUSED ABSENCE**

- (a) Government personnel observe the following holidays:

New Year's Day  
Martin Luther King Birthday  
President's Birthday  
Memorial Day  
Independence Day  
Labor Day  
Columbus Day  
Veteran's Day  
Thanksgiving Day  
Christmas

- (b) In addition to the days designated as holidays, the Government observes the following days:

Any other day designated by Federal Statute  
Any other day designated by Executive Order  
Any other day designated by the President's Proclamation

- (c) It is understood and agreed between the Government and the Contractor that observance of such days by Government personnel shall not otherwise be a reason for an additional period of performance, or entitlement of compensation except as set forth within the contract. In the event the Contractor's personnel work during the holiday, they may be reimbursed by the Contractor, however, no form of holiday or other premium compensation will be reimbursed either as a direct or indirect cost, other than their normal compensation for the time worked. This provision does not preclude reimbursement for authorized overtime work if applicable to this contract.

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- (d) When the Government grants excused absence to its employees, assigned Contractor personnel may also be dismissed. The Contractor agrees to continue to provide sufficient personnel to perform critical tasks already in operation or scheduled, and shall be guided by the instructions issued by the Contracting Officer or the Contracting Officer's Technical Representative.

**H.19 CORRESPONDENCE PROCEDURES**

To promote timely and effective administration, correspondence (except for vouchers submitted under the contract) shall be subject to the following procedures:

- (a) Technical correspondence (where technical issues relating to compliance with Task Order specifications are involved) shall be addressed to the Contracting Officer's Technical Representative (COTR) with information copies to the Lead COTR and to the Contracting Officer.
- (b) All other correspondence (that which proposes or otherwise involves waivers, deviations or modifications to the requirements, terms or conditions of this contract) shall be addressed to the Contracting Officer with an information copy to the COTR and Lead COTR.

**H.20 PUBLICITY**

Publicity releases in connection with this contract shall not be made by the Contractor unless prior written approval has been received from the Contracting Officer.

**H.21 SUBSTITUTION OF KEY MANAGEMENT PERSONNEL**

Individuals identified below as key management personnel (Reference Section C.5.1, Functional Requirements for Key Personnel in the Corporate Area) and accepted for this contract are expected to remain dedicated to this contract. However, in the event that it becomes necessary for the Contractor to replace any of the individuals designated as key management personnel, the Contractor shall request such substitutions in accordance with this clause.

Key Management Personnel: \_\_\_\_\_

- (a) All substitutes must have qualifications at least equal to those of the person being replaced.
- (b) All appointments of key management personnel shall be approved by the Contracting Officer, and no substitutions of such personnel shall be made without the

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advance written approval of the Contracting Officer.

- (c) Except as provided in paragraph (d) of this clause, at least 30 days (60 days if security clearance is required) in advance of the proposed substitution, all proposed substitutions of key management personnel must be submitted in writing to the Contracting Officer, including the information required in paragraph (5) of this provision.
- (d) Where individuals proposed as key management personnel become unavailable between the submission of the final proposal revisions and contract award because of sudden illness, death or termination of employment, within 5 days following contract award, the Contractor shall notify the Contracting Officer in writing of such unavailability and who will be performing, if required, as the temporary substitute. Within 15 days following contract award, the Contractor shall submit in writing to the Contracting Officer, proposed substitutions for the unavailable individuals.
- (e) Request for substitution of key management personnel must provide a detailed explanation of the circumstances necessitating substitution, a resume of the proposed substitute, and any other information requested by the Contracting Officer to make a determination as to the appropriateness of the proposed substitute's qualifications. All resumes shall be signed by the proposed substitute and his/her formal (per company accepted organizational chart) direct supervisor or higher authority.
- (f) Résumés shall be limited to no more than 4 pages per individual. As a minimum, résumés shall include the following:
  - Name of person;
  - Functional Responsibility;
  - Education (including, in reverse chronological order, colleges and/or technical schools attended (with dates), degree(s)/certification(s) received, major field(s) of study, and approximate number of total class hours);
  - Citizenship status;
  - Experience (including, in reverse chronological order for up to ten years, area(s) of work in which a person is qualified, company and title of position, approximate starting and ending dates (month/year), concise descriptions of experience for each position held including specific experience related to the requirements of the position, specific experience on projects of similar size/scope/complexity/functionality, and specific experience related to the Principal Task Area(s) of the TIPSS);

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- Certification that the information contained in the résumé is correct and accurate (signature of key person and date signed, and signature of their supervisor or higher authority and date signed will be accepted as certification).

(g) The Contracting Officer shall promptly notify the Contractor in writing of his/her approval or disapproval of all requests for substitution of key management personnel. All disapprovals will require resubmission of another substitution within 15 days by the Contractor.

**H.22 SUBSTITUTION OF TASK ORDER KEY PERSONNEL**

If the Government determines that certain personnel are key to successful completion of a Task Order, they will be designated as "key personnel" in the Task Order. Key personnel are defined as follows:

- (a) Personnel identified in the Task Proposal as key individuals to be assigned for participation in the performance of the Task Order and who may, at the discretion of the Government, be interviewed to verify resume representations;
- (b) Personnel whose resumes were submitted with the Task Proposal; or
- (c) Individuals who are designated as key personnel by agreement of the Government and the Contractor during negotiations.

The Contractor shall notify the Contracting Officer and the Contracting Officer's Technical Representative (COTR) prior to making any changes in key personnel. No changes in key personnel will be made unless the Contractor can demonstrate that the qualifications of prospective personnel are equal to or better than the qualifications of the personnel being replaced. All requests for approval of substitutions in key personnel must be in writing and provide a detailed explanation of the circumstances necessitating the proposed substitutions. They must contain a complete resume for the proposed substitute and other information requested by the Contracting Officer to approve or disapprove the proposed substitution. The COTR will evaluate such requests and promptly notify the Contractor of his/her approval or disapproval in writing. All disapprovals will require resubmission of another substitution within 15 days by the Contractor.

**H.23 INCORPORATION OF CERTIFICATIONS**

The Contractor's completed Section K, Representations, Certifications and Other Statements of Offerors, is hereby incorporated by reference with the same force and effect as if set forth in full text.

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**H.24 CONTRACTOR RESPONSIBILITY FOR DOCUMENTATION**

Based on the requirement that all work under this contract shall comply with the latest version of all applicable standards (Reference Section C.4.4, Standards), the following conditions will be employed throughout the life of the contract:

- (a) The Contractor shall be responsible for obtaining and maintaining all the documents necessary for performance under this contract.
- (b) The Government will provide assistance whenever possible in securing addresses for requesting documents and any other general guidance.
- (c) The Government will not be responsible for copying any standards, mailing or faxing standard documentation, researching standards information or providing assistance other than advisory.
- (d) Individual Task Orders will reference the applicable standard versions and/or exceptions as necessary.

**H.25 PERSONNEL ACCESS**

All Contractor personnel requiring access to the Government's site will be subject to the security clearance procedures set forth in this Section H.33, Minimum Background Investigation (MBI) (Contractor Screening Requirements).

**H.26 SENSITIVE INFORMATION**

Individual Task Orders may require access to data/information up to and including Sensitive But Unclassified (SBU). Refer to Section J-3 Attachment, Conditional Access to Sensitive but Unclassified Information Non-Disclosure Agreement. Individual Task Orders will identify whether Contractors will have access to sensitive but unclassified information.

**H.27 IDENTIFICATION OF CONTRACTOR EMPLOYEES**

During the period of this contract, the rights of ingress and egress to and from any office for Contractor representatives shall be made available as deemed necessary by the Government. All Contractor employees whose duties under this contract require their presence at any Treasury, or Treasury bureau facility shall be clearly identifiable by a distinctive badge furnished by the Government. In addition, corporate identification badges will be worn on the outer garment at all times. The obtaining of the corporate

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identification badge is the sole responsibility of the Contractor. All prescribed information shall immediately be delivered to the IRS Security Office for cancellation or disposition upon the termination of the employment of any Contractor personnel. All on-site Contractor personnel shall abide by security regulations, applicable to that site.

**H.28 IRSAP 1052.224-9000(C) DISCLOSURE OF INFORMATION-  
SAFEGUARDS (JAN L998)**

In performance of this contract, the Contractor agrees to comply with and assume responsibility for compliance by his/her employees with the following requirements:

- (1) All work shall be performed under the supervision of the Contractor or the Contractor's responsible employees.
- (2) Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone other than an officer or employee of the Contractor shall require prior written approval of the Internal Revenue Service. Requests to make such inspections or disclosures should be addressed to the IRS Contracting Officer.
- (3) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output shall be given the same level of protection as required for the source material.
- (4) The Contractor certifies that the data processed during the performance of this contract shall be completely purged from all data storage components of his/her computer facility and no output will be retained by the Contractor at the time the IRS work is completed. If immediate purging of all data storage components is not possible, the Contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized inspection or disclosure.
- (5) Any spoilage or any intermediate hard copy printout, which may result during the processing of IRS data, shall be given to the IRS Contracting Officer or his/her designee. When this is not possible, the Contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts and shall provide the IRS Contracting Officer or his/her designee with a statement containing the date of destruction, description of material destroyed, and the method used.

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- (6) No work involving information furnished under this contract will be subcontracted without the specific approval of the IRS Contracting Officer.
- (7) All computer systems processing, storing and transmitting tax data must meet or exceed computer access protection controls -(C2). To meet C2 requirements, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance and documentation. All security features must be available (object reuse, audit trails, identification\ authentication, and discretionary access control) and activated to protect against unauthorized use of and access to tax information.
- (8) Should a person (Contractor or Subcontractor) or one of his/her employees make any unauthorized inspection(s) or disclosure(s) of confidential tax information, the terms of the Termination (FAR 52.249-6) or Default clause or (52.249-8), as applicable, incorporated herein by reference, may be invoked, and the person (Contractor or Subcontractor) will be considered to be in breach of this contract.

**H.29 IRSAP 1052.224-9000(D) DISCLOSURE OF "OFFICIAL USE ONLY" INFORMATION SAFEGUARDS (DEC 1988)**

Any Treasury Department Information made available or to which access is provided, and which is marked or should be marked "Official Use Only", shall be used only for the purpose of carrying out the provisions of this contract and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Disclosure to anyone other than an officer or employee of the Contractor or Subcontractor at any tier shall require prior written approval of the IRS. Requests to make such disclosure should be addressed to the IRS Contracting Officer.

**H.30 IRSAP 1052.224-9001(A) DISCLOSURE OF INFORMATION-- CRIMINAL/CIVIL SANCTIONS (JAN 1998)**

- (1) Each officer or employee of any person (Contractor or Subcontractor) at any tier to whom returns or return information is or may be disclosed shall be notified in writing by the person (Contractor or Subcontractor) that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person (Contractor or Subcontractor) shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each



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instance of unauthorized disclosure plus in the case of willful disclosure or a disclosure which is the result of gross negligence, punitive damages, plus the cost of the action. These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n).

- (2) Each officer or employee of any person (Contractor or Subcontractor) to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract and that inspection of any such returns or return information for a purpose or to an extent not authorized herein constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person (Contractor or Subcontractor) shall also notify each such officer and employee that any such unauthorized inspection of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection plus in the case of a willful inspection or an inspection which is the result of gross negligence, punitive damages, plus the costs of the action. The penalties are prescribed by IRC Sections 7213A and 7431.
- (3) Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(l)(1), which is made applicable to Contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a Contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

**H.31 IRSAP 1052.224-9001(B) DISCLOSURE OF INFORMATION- OFFICIAL USE ONLY (DEC L988)**

Each officer or employee of the Contractor or Subcontractor at any tier to whom "Official Use Only" information may be made available or disclosed shall be notified in writing by the Contractor that "Official Use Only" information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such "Official Use Only" information, by any means, for a purpose or to an extent unauthorized herein, may subject the offender to criminal

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sanctions imposed by 18 U.S.C. Sections 641 and 3571. Section 641 of 18 U.S.C. provides, in pertinent part, that whoever knowingly converts to his use or the use of another, or without authority sells, conveys, or disposes of any record of the United States or whoever receives the same with the intent to convert it to his use or gain, knowing it to have been converted, shall be guilty of a crime punishable by a fine or imprisoned up to ten years or both.

**H.32 IRSAP 1052.224-9002 DISCLOSURE OF INFORMATION -- INSPECTION (DEC 1988)**

The Internal Revenue Service shall have the right to send its officers and employees into the offices and plants of the Contractor for inspection of the facilities and operations provided for the performance of any work under this contract. On the basis of such inspection, the Contracting Officer may require specific measures in cases where the Contractor is found to be non-compliant with contract safeguards.

**H.33 MINIMUM BACKGROUND INVESTIGATION (MBI) (CONTRACTOR SCREENING REQUIREMENTS)**

INVESTIGATIONS FOR STAFF-LIKE ACCESS TO IRS FACILITIES, SENSITIVE SYSTEMS OR INFORMATION

A Minimum Background Investigation will be conducted by the IRS, when applicable, to work under a Task Order. Investigation requirements include: (a) a Security Investigation Index Search of National Agencies; (b) Criminal record checks covering a five year period of residency and employment; (c) a credit check; and (d) employment and reference vouchers.

(a) General.

Contractor personnel who will be granted staff-like access to IRS facilities, sensitive IRS systems or sensitive IRS information will be required to undergo a Minimum Background Investigation (MBI) unless a Task Order specifies elsewhere that another type of investigation is more suitable to the circumstances. Any Contractor employee who is required to have an investigation shall not be permitted to work on this contract without the required investigation. Access to IRS facilities, information systems, security items and products, and sensitive but unclassified information may be denied or revoked by the IRS based upon unsanctioned, negligent or willful action on the part of the Contractor or the Contractor's employees.

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Prior to beginning any work under a Task Order, all identified Contractor employee(s) will undergo a security screening (which ranges from minimal checks to a full Background Investigation). Upon favorable completion of the security screening, the Contractor employee(s) will be permitted staff-like access to IRS facilities, systems, information and/or data, as applicable to Task Order performance.

Investigations which reveal derogatory information about a Contractor employee, including, but not limited to conviction of a felony, a crime of violence or a serious misdemeanor; and a record of arrests for continuing offenses, may be sufficient cause to deny or revoke staff-like access for that employee under the Task Order.

Individual security clearances by the Defense Security Service (DSS, formerly known as DISCO), a clearance granted or an investigation approved by the Department of the Treasury, another Treasury bureau, or another federal agency, may be acceptable in lieu of a new investigation. Determination of acceptability of non-IRS clearance or investigation will be made by the IRS Inspection Office. To verify the acceptability of a non-IRS, favorable investigation, the Contractor shall submit the forms or information needed, according to instructions provided by the Contracting Officer's Technical Representative (COTR).

At the Government's discretion, the Contractor's personnel may be permitted to have escort access in lieu of an investigation, or while an investigation is in process. In these circumstances, the COTR will notify the Contractor of the names of the individuals who are being granted such access, and if other conditions on access may apply.

(b) Definitions.

- (1) Staff-like Access. Unescorted access to Treasury owned or controlled facilities, information systems, security items and products (as determined by Treasury or IRS officials), and/or sensitive but unclassified information by Contractor personnel.
- (2) Lawful Permanent Resident. Any individual who is not a citizen or national of the United States (U.S.) who has been lawfully admitted into the U.S. and accorded the privilege of residing permanently in the U.S. as an immigrant in accordance with the immigration laws, such status not having changed.

(c) Citizenship-related requirements.

Every Contractor employee working on the sensitive applications of Task Orders shall satisfy at least one of the following requirements: (1) be a U.S. citizen; or (2) be a lawful permanent resident of the U.S.

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(d) Approval process.

Within 10 ten calendar days after contract award, issuance of a Task Order, or other award notice by the Contracting Officer, as applicable, the Contractor shall provide the Contracting Officer a list of names of all applicable Contractor employees (including: Social Security numbers; date of birth; place of birth; and the IRS location(s) for which access is requested) who will undergo investigations. For Contractor employees who have a valid DSS (formerly known as DISCO) clearance, the Contractor shall submit a copy of DSS Form 560, Letter of Consent. If the Form 560 is not available, contact the Contracting Officer for instructions on information that can be submitted to verify validity of the clearance. To obtain an investigation, the Contractor shall submit the forms or information needed for requesting investigations, according to instructions provided by the Contracting Officer. Completed forms shall be returned to the Contracting Officer by a date acceptable to the Contracting Officer. The investigation process shall consist of a range of personal background inquiries and contacts (written and personal) pertaining to verification of the information provided on the security forms.

Upon completion of the investigation process, the COTR, after consultation with the appropriate IRS officials, shall notify the Contractor in writing of the individual's eligibility or ineligibility to work on the Task Order. The Contractor is responsible for ensuring that such investigations are requested as necessary for the performance of Task Orders. Additionally, the Contracting Officer shall provide a notice in writing to the employee of the general nature of the adverse information that formed the basis for the decision. If Contractor personnel will be working on-site in any IRS office, the Contractor shall comply with the requirements of the Clearance of Personnel clause, and obtain building passes for those personnel.

(e) Adverse Information and Revocation of Access.

A Contractor employee on whom unfavorable or derogatory information has been developed during a background investigation must be confronted with the information and offered an opportunity to refute, explain, clarify or mitigate the information in question. However, if after final adjudication, a determination is made to deny or revoke staff-like access to the employee, that person will be formally notified and informed of the decision and the reason(s). The decision to deny or revoke access is not intended to imply that the Contractor employee is otherwise unsuitable for employment by the Contractor. Adverse information developed in these background investigations shall not be released by the IRS to the Contractor. The IRS Personnel Security Officer's determination to deny or revoke Contractor employee access is final, as Treasury guidelines do not provide for an appeal of such determination.

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(f) Nondisclosure agreement.

The Contractor shall require that any employees who may have access to the information systems identified in contract or Task Order specifications sign a nondisclosure agreement. These agreements shall be signed by the employees before they are assigned to a Task Order and shall be maintained in the Government contract file for a period of three years after final payment under the Task Order. A sample agreement is provided as an attachment in Section J, TIPSS Conditional Access to Sensitive But Unclassified Information Non-Disclosure Agreement of the contract.

(g) Nondisclosure of information.

Neither the Contractor nor any of its employees shall inspect, divulge, or release data or information developed or obtained during performance of the Task Orders, except to authorized Government personnel with an established need to know or upon written approval of the Contracting Officer. Information contained in all source documents and other media provided by IRS are the sole property of IRS.

(h) Task Order performance.

If IRS receives disqualifying information on a Contractor employee, the Contractor, upon written notice, will immediately remove the employee from work on the Task Order. Contractor employees may be barred from working on the Task Order for failing to meet or maintain the suitability standards. Failure to comply with the terms of this clause may result in termination for default.

(i) Notification.

The Contractor shall immediately notify the Lead Contracting Officer's Technical Representative (Lead COTR) in writing (with a copy to the TIPSS Contracting Officer) whenever a cleared employee terminates employment or is no longer working on the Task Order. The Contractor shall also provide the information described in paragraph (d) of this clause for those employees who may be reassigned or added to work on a Task Order during the period of performance. The Contractor shall also immediately notify the Contracting Officer of any breach or suspected breach of security or any unauthorized disclosure of the information contained in the information system specified in the Task Order.

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(j) Subcontracts.

The Contractor shall incorporate this clause in all subcontracts, subcontract Task or Delivery Orders or other subcontract performance instrument where the requirements specified in paragraph (a) of this clause are applicable to performance of the subcontract.

**H.34 CONTRACTOR INTERFACES**

The Contractor and/or his Subcontractors may be required as part of the performance under this contract to work with other Contractors (firms working with the IRS under other contracts).

IRS personnel shall establish an initial contact between the Contractor and other Contractors and shall participate in an initial meeting at which the conventions for the scheduling and conduct of future meetings/contacts will be established. Contracting Officer's Technical Representatives (COTRs) of other contracts shall be included in any establishment of conventions.

**H.35 ENGLISH LANGUAGE DOCUMENTATION AND METRIC SYSTEM USAGE**

All Contractor prepared material to be furnished under this contract shall be written in the English language (unless otherwise specified). Additionally the United States Government preferred unit of measure (as set forth in Executive Order 12770 and Public Law 94-168) is the metric system. The metric system unit of measure shall be the primary unit under the contract, but exceptions will be allowed for referencing technical specifications for commercial off-the-shelf (COTS) items (e.g., 3 1/2 inch diskette).

**H.36 GENERAL LIABILITY**

Reference Section I - Clause 52.228-7, "Insurance - Liability to Third Persons." The Contractor shall secure, pay the premiums for and keep in force until the expiration of this contract, and any renewal thereof, adequate insurance as provided below, such insurance to specifically include liability assumed by the Contractor under this contract.

- (a) The Contractor is required to show evidence of bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence.

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- (b) The Contractor is required to show evidence of property damage liability insurance coverage written on the comprehensive form of policy of at least \$100,000 per occurrence.
- (c) Workman's compensation insurance as required by law of the State.

Each policy of insurance shall contain an endorsement that any cancellation or material change in the coverage adversely affecting the Government's interest shall not be effective unless the insurer or the Contractor gives written notice of cancellation or change, as required by the Contracting Officer (CO). A certificate of each policy of insurance shall be furnished to the CO with ten (10) days after notice of award certifying, among other things, that the policy contains the aforementioned endorsement. The insurance company providing the above insurance shall be satisfactory to the Government. Notices of policy changes shall be furnished to the CO. The substances of this clause shall be made to flow down to any Subcontractors.

**H.37A IRSAP 1052.239-9005 - SOFTWARE DEVELOPMENT PREREQUISITE**  
**(APR 2002)**

a. Definitions. As used in this clause,

1. *"Appraisal Requirements for Capability Maturity Model Integration<sup>SM</sup> (CMMI<sup>SM</sup>)" (ARC)* means the Class A Appraisal Requirements for the Standard CMMI<sup>SM</sup> Appraisal Method for Process Improvement (SCAMPI<sup>SM</sup>) appraisal method used with the CMMI<sup>SM</sup> model. Class A appraisals provide a CMMI<sup>SM</sup> rating and include all ARC requirements.
2. *"Capability Maturity Model<sup>®</sup>" (CMM<sup>®</sup>)* means a framework that describes the key elements of an effective software process. The Software CMM<sup>®</sup> (SW-CMM<sup>®</sup>) describes an evolutionary improvement path from an ad hoc, immature process to a mature, disciplined process for the development of software. The model is composed of five maturity levels, which contain a number of key process areas.
3. *"CMM Integration<sup>SM</sup>" (CMMI<sup>SM</sup>)* means an integrated CMM<sup>®</sup> model that encompasses the key elements for enterprise-wide process improvement. The current CMMI<sup>SM</sup> includes the disciplines of Software (SW), Systems Engineering (SE), and Integrated Product & Process Development (IPPD).
4. *"CMM<sup>®</sup>-Appraisal Framework" (CAF)* means a framework for planning,

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conducting, and completing CMM<sup>®</sup>-based appraisals.

5. *"CMM<sup>®</sup>-Based Appraisal for Internal Process Improvement" (CBA-IPI)* means a Software Engineering Institute (SEI)-approved appraisal method that stresses self-assessment for continuous process improvement, and is conducted by an SEI authorized Lead Assessor.
6. *"Confirm"* means an evaluation by the IRS of evidence provided by the offeror to support its SW-CMM<sup>®</sup> capability maturity rating.
7. *"On-site"* means the SEI appraisal phase in which an appraisal team conducts extensive interviews at the organization's software development facility or the location of the organization's software development projects. Some portions of the on-site may include teleconferencing or telephone interviews of personnel at remote locations.
8. *"Post-award Current Software Capability Rating"* means the SW-CMM<sup>®</sup> or CMMI<sup>SM</sup> maturity level determined by an appraisal for which the commencement date of the appraisal on-site occurred within 18 months immediately preceding the due date of the initial PARM submittal for a given year.
9. *"Pre-award Current Software Capability Rating"* means the SW-CMM<sup>®</sup> maturity level determined by an appraisal for which the commencement date of the SCE or CBA-IPI on-site occurred within 18 months immediately preceding the proposal due date.
10. *"Process Appraisal Review Methodology" (PARM)* means the methodology employed by the IRS to review, monitor, and verify contractor SW-CMM<sup>®</sup> maturity levels during the period of performance of the contract, BPA, task order, delivery order, or interagency agreement.
11. *"SCE Team Leader"* means an individual authorized by SEI as a Lead Evaluator, substantiated by a Lead Evaluator identification number.
12. *"Small business"* means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121. For software development, the size standard to be eligible as a small business concern is less than \$21 million in average annual receipts for the previous three fiscal years.



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13. *"Software Capability Evaluation<sup>SM</sup>" (SCE<sup>SM</sup>)*, means an SEI-approved appraisal method generally conducted by an independent evaluation team and led by an authorized SCE<sup>SM</sup> Team Leader.
  14. *"Software Capability Rating"* means the SW-CMM<sup>®</sup> or CMMI<sup>SM</sup>-SW rating or maturity level achieved as a result of a Software Capability Evaluation<sup>SM</sup> (SCE<sup>SM</sup>) a CMM<sup>®</sup>-Based Appraisal for Internal Process Improvement" (CBA-IPI), a Standard CMMI<sup>SM</sup> Appraisal Method for Process Improvement" (SCAMPI<sup>SM</sup>), or other appraisal method conducted according to the SEI CMM<sup>®</sup>-Appraisal Framework (CAF), latest version, or the Class A, Appraisal Requirements for CMMI<sup>SM</sup> (ARC), latest version.
  15. *"Software development"* means any activity, in whole or in part, that is part of a software life cycle.
  16. *"Software life cycle"* means the period of time that begins when a software product is conceived and ends when the software is no longer available for use. The software life cycle typically includes the following phases: concept, requirements, design, implementation, test, installation and checkout, operation and maintenance, and retirement.
  17. *"Standard CMMI Appraisal Method for Process Improvement" (SCAMPI<sup>SM</sup>)* means an SEI-approved appraisal method based on the full set of Class A requirements in the ARC, latest version. A SCAMPI<sup>SM</sup> is conducted by an appraisal team and led by an SEI-authorized SCAMPI<sup>SM</sup> Lead Assessor<sup>SM</sup>. It includes the requirements for planning, conducting and completing the CMMI<sup>SM</sup> appraisal. The SCAMPI<sup>SM</sup> provides an organization with CMMI<sup>SM</sup> process area ratings or a capability maturity level rating. The method of rating is dependent upon whether the organization adopted the CMMI<sup>SM</sup> Staged Representation or the CMMI<sup>SM</sup> Continuous Representation, respectively.
  18. *"Verify"* means an evaluation of evidence provided by the contractor to support its SW-CMM<sup>®</sup> or CMMI<sup>SM</sup>-SW rating, which is conducted by the IRS in accordance with the Process Appraisal Review Methodology (PARM) after award of a contract, BPA, task order, delivery order, or interagency agreement.
- b. Contractors performing software development for the IRS as required under this contract shall have, and maintain at all times during performance, a software capability rating of Level 2 or higher as described by the SEI SW-CMM<sup>®</sup> or the

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CMMI<sup>SM</sup>, for Software (CMMI<sup>SM</sup>-SW). Detailed information about the models may be obtained from the SEI, Carnegie Mellon University, Pittsburgh, PA 15213-3890. The web site is [www.sei.cmu.edu/cmm](http://www.sei.cmu.edu/cmm).

- c. The SW-CMM<sup>®</sup> maturity rating shall be current and shall be substantiated by a Software Capability Evaluation<sup>SM</sup> (SCE<sup>SM</sup>) or a CMM<sup>®</sup>-Based Appraisal for Internal Process Improvement (CBA-IPi), as specified in the solicitation.
- d. As a condition of award, the IRS reserves the right to review and confirm the SW-CMM<sup>®</sup> maturity levels of offerors. As a further condition of award, the IRS reserves the right to conduct a Software Capability Evaluation (SCE)<sup>SM</sup>.
- e. After award and throughout the period of performance, the IRS reserves the right to review, monitor, and verify contractor SW-CMM<sup>®</sup> maturity levels in accordance with the Process Appraisal Review Methodology (PARM). The IRS further reserves the right to conduct an independent appraisal of the contractor, including a Software Capability Evaluation<sup>®</sup> (SCE<sup>®</sup>).
- f. On an annual basis, the contractor shall substantiate its current software capability rating by submitting documentation in accordance with the PARM. The IRS will perform a review annually in order to verify the contractor's compliance with its contractual CMM<sup>®</sup> maturity requirements.
- g. The contractor shall include the terms of this clause in all subcontracts for software development under this contract.

[End of clause]

**Alternate 1 (APR 2002)**

As prescribed in P&P 39.1(B), substitute the following paragraphs (b), (c), and (d) for paragraphs (b), (c), and (d) of the basic clause if the offeror has elected to migrate from SW-CMM<sup>®</sup> to CMMI<sup>SM</sup>-SW or is using only the CMMI<sup>SM</sup>-SW model.

- b. Contractors performing software development for the IRS as required under this contract shall have, and maintain at all times during performance, a software capability rating of Level 2 or higher according to the CMM Integration<sup>SM</sup> for Software (CMMI<sup>SM</sup>-SW). Detailed information about the model may be obtained from the SEI, Carnegie Mellon University, Pittsburgh, PA 15213-3890. The web site is [www.sei.cmu.edu/cmm](http://www.sei.cmu.edu/cmm).

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- c. The CMMI<sup>SM</sup> capability maturity level rating shall be current and shall be substantiated by a Software Capability Evaluation<sup>SM</sup> (SCE<sup>SM</sup>), or a Standard CMMI<sup>SM</sup> Appraisal Method for Process Improvement (SCAMPI<sup>SM</sup>) - Class A, as specified in the solicitation.
- d. As a condition of award, the IRS reserves the right to review and confirm the SW-CMM<sup>®</sup> or CMMI<sup>SM</sup>-SW maturity levels of offerors. As a further condition of award, the IRS reserves the right to conduct a Software Capability Evaluation SM (SCE<sup>SM</sup>) or a SCAMPI<sup>SM</sup>.

**H.37B IRSAP 1052.239-9006 SOFTWARE DEVELOPMENT PREREQUISITE SUPPLEMENT (APR 2002)**

It is understood that the subcontractor does not have a Software Engineering Institute (SEI) Capability Maturity Model<sup>®</sup> (CMM<sup>®</sup>) or CMM Integration<sup>SM</sup> (CMMI<sup>SM</sup>) Level 2 or higher rating. The Internal Revenue Service has approved the subcontractor's participation in the software development project, (*insert name of IRS software development project*), using the prime contractor's software development CMM<sup>®</sup> or CMMI<sup>SM</sup> Level 2 or higher processes. The prime contractor is responsible for the planning, management, and performance of the software development project according to its documented processes, utilizing subcontractor resources as mutually agreed between the prime contractor and subcontractor. The subcontractor, in performing its agreed task assignments for the software development project, shall comply with the prime contractor's direction.

**H.38 CONTRACT PARTICIPATION LIMITATIONS**

TIPSS prime contractors and subcontractors are prohibited from participating as a subcontractor on more than one TIPSS contract.

The appropriate Contracting Officer will approve any permanent changes to the original prime/subcontractor relationships. The Contracting Officer will change applicable contract-level documentation and request changes be posted to the TIPSS website.

Exceptions may be approved on a case-by-case basis. These exceptions will be limited to:

1. A TIPSS subcontractor participates on a task order with a different prime contractor than the one already established. Written approval is required from the original prime contractor, which will be acknowledged by the Contracting Officer in writing and made a part of the contract file. Renewed

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approval is not required when exercising options but is required for any new or follow-on task orders.

2. A TIPSS prime contractor teams with another TIPSS prime contractor. The written approval of the Contracting Officer is required for each task order and modification increasing the scope of a task order. Approval will be granted only when either a small business is the proposed prime contractor, or a small business requests that a large business be the prime contractor.

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